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basis of cost-of-reproduction less depreciation, the system which operates at least advantage, while still socially necessary and managed with reasonable care, should be selected, and the "fair return" would be what is necessary to warrant investment in needed betterments and extensions of the system. Chap. iv is given to a discussion of "Regulation of Particular Rates." In the conclusion the hope is expressed that we may keep railway rates down as far as the ability of the roads to supply the service will allow, but it is conceded that it may be necessary for the rates to be raised from time to time.

Auditing Theory and Practice. By ROBERT H. MONTGOMERY. 2d ed. New York: Ronald Press Co., 1916. 8vo, pp. xxvi+889. \$5.00.

The most important feature of the second edition of *Auditing Theory and Practice* which distinguishes it from the edition of 1912 is the appendix of about one hundred pages dealing with the federal income tax. In this appendix the detailed provisions of the law and of the subsequent rulings of the Department of the Treasury are discussed authoritatively, and, for both individuals and corporation, the obligations, proper procedure, and allowable deductions in filing returns under the law are clearly set forth.

This appendix supersedes the chapter on "The Federal Tax on Corporations" which appeared in the first edition. The chapters on "The Auditor's Qualifications," "The Auditor's Duties," and "Ethical Duties and Legislation," and the collection of C.P.A. examination questions are also omitted. The chapter on "Liabilities of Auditors" of the first edition is summarized in the second edition in a few paragraphs upon the legal responsibility of auditors. The C.P.A. questions are now readily available to everyone; and from the omission of the other chapters mentioned the book gains in compactness and unity more than it loses from the elimination of this material, which was of such a general character as to be of little practical aid to the auditor present or prospective.

A few unimportant changes in the order of chapters and sections and a few minor additions, including the fuller treatment of systems of internal check preparation of charts, and statements required by banks, and the insertion in the chapters on balance-sheet audits of brief discussions on partnerships and acceptances, have also been made.

Because of its clear exposition and its admirable blending of the presentation of advanced auditing theory and practical suggestions, this book continues to occupy in America the highest place among general treatises upon the subject of auditing.

Capital To-Day. By HERMAN CAHN. New York: Putnam, 1915. 8vo, pp. x+313. \$1.50.

The author here presents an analysis of the development of the various forms of modern capital, giving special attention to the situation in the United

States. The book begins with a brief statement of the Marxian economic theory, which, as outlined, is advanced as a valid and satisfactory explanation of present conditions. Severe criticism is directed against the common practices connected with corporate management, and our whole banking and credit system is described as leading directly toward a condition of general commercial chaos. "If the social insolvency, which is covered in ordinary parlance by the word 'credit,' cannot be denied, then we shall be confronted sooner or later with the tremendous convulsion of social bankruptcy which is to give birth to a new society" (p. 311).

It is scarcely necessary to say that agreement with Mr. Cahn involves an unqualified acceptance of the Marxian analysis. Moreover, even as a socialistic statement of the case, the book is not without obvious defects. These appear chiefly in the form of misplaced emphasis. In many instances more attention has been given to the discussion of remote possibilities than to the evidence of actual facts. It may also be noted that the book savors strongly of determinism, little or no attempt having been made to present any constructive policy which might offer hope of avoiding the cataclysm postulated as the inevitable outcome of our present capitalistic system.

Banking and Currency in Ohio before the Civil War. By CHARLES CLIFFORD HUNTINGTON. (Ohio Archaeological and Historical Publications.) Columbus, Ohio: F. J. Heer Printing Co., 1915. 8vo, pp. 312.

This book throws considerable light on the details of local banking conditions in Ohio from 1800 to 1862, a period of more or less obscurity in the financial history of the country. On the whole the work corroborates by intensive study the conclusions drawn by earlier writers concerning the condition of state banking in this period, especially the unsoundness of some of the banks themselves and the condition of the currency in the West.

The book is divided into two parts: Part I treats of "Banking under Special Charters, 1803-1843." In this part the writer treats of the inflation period of 1815-17 and the crisis of 1818, the depression and revival of 1820-30, the expansion of 1831, and the panic of 1837. Part II, entitled "Banking in Ohio under General Laws," reviews the operation of the safety-fund system, the general currency situation, and the panic of 1857.

The work does not confine its attention strictly to the banking situation, but attempts to interpret the contemporary economic and political history. In this respect it throws light on the difficulties which the second United States Bank met in Ohio, and the reasons for the prejudice that was manifested against the institution. The appendix of forty pages contains digests of important state laws and statistical tables. A valuable part of the work is the balance sheets of the state banks of Ohio shown for critical periods.